

**WEST SIOUX
COMMUNITY SCHOOL DISTRICT
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2013**

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2013
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WEST SIOUX COMMUNITY SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

Board of Education (After September 2011 Election)

Susan Sharpe	President	2013
Gary Witt	Vice President	2013
Jeff Eilts	Board Member	2013
Dawn Hummel	Board Member	2015
Tim McKenney	Board Member	2015

School Officials

Randy Collins	Superintendent	2013
Dani Gradert	Treasurer and Business Manager	2013
Tami Degen	District Secretary	2013
James Pickner	Attorney	2013



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
West Sioux Community School District
Hawarden, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the West Sioux Community School District as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As described in Note 12 to the financial statements, in 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for the retiree health plan on pages 4 through 12 and 38 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

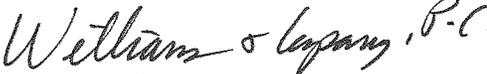
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial statements for the three years ended June 30, 2006, (none of which are presented herein) were audited by other auditors in accordance with standards referred to in the third paragraph of this report and they expressed unqualified opinions on them. The financial statements for the six years ended June 30, 2012 (not presented) were audited by us in accordance with the standards referred to in the third paragraph of this report and we expressed unqualified opinions on them. The other supplementary information included in Schedules 1 through 8 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In February 9, 2014, on our consideration of the West Sioux Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Sioux Community School District's internal control over financial reporting and compliance.


Certified Public Accountants

Le Mars, Iowa
February 9, 2014

Management Discussion and Analysis

West Sioux Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2013 Financial Highlights

- General Fund revenues decreased and expenditures increased from fiscal year 2012 to fiscal year 2013. General Fund revenues decreased from \$7,737,426 to \$7,264,062, and General Fund expenditures increased from \$7,152,945 to \$7,459,533. The District's General Fund balance decreased from \$2,055,716 in fiscal year 2012 to \$1,864,125 in fiscal year 2013, a 9% decrease.
- Property taxes in general fund decreased by over \$359,000, due to no cash reserve levy. Also, the budget guarantee went from \$179,743 in fiscal year 2012 to \$20,161 in fiscal year 2013. State Aid decreased by over \$87,000, while federal revenues decreased by over \$111,000. Revenue from other local sources increased by over \$90,000. A large portion of increased expenditures was due primarily to negotiated salary and benefit increases, also additional positions. The General Fund balance will be carefully monitored during the year keeping in mind the fluctuation in revenues caused by legislative action and student enrollments.

Using this Annual Report

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of West Sioux Community School District as a whole and present an overall view of the District's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report West Sioux Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.
- Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

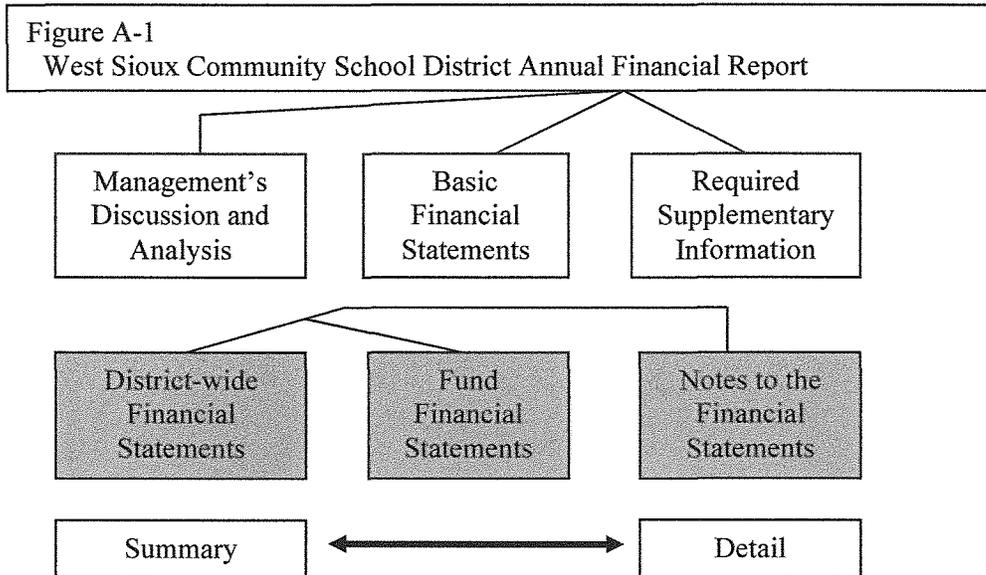


Figure A-2 below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2:	Major Features of the District Wide and Fund Financial Statements		
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here
Required financial statements	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenditures, and changes in fund net position Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school building and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's Food Service and Before and After School/Daycare Programs would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to repay its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has two kinds of funds:

1. *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balance.

2. *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds; the School Nutrition Fund and the Before and After School Fund/Daycare Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenditures and changes in fund net position and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

Government-wide Financial Analysis

Figure A-3 below provides a summary of the District's net assets at June 30, 2013 compared to June 30, 2012.

Figure A-3 Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total District		Change
	June 30		June 30		June 30		June 30
	2012	2013	2012	2013	2012	2013	2012/2013
Current and Other Assets	\$8,446,016	\$7,297,451	\$ (72,872)	\$ (22,706)	\$8,373,144	\$7,268,969	13.12%
Capital Assets	8,837,184	9,320,461	450,526	433,131	9,287,710	9,759,368	5.08%
Total Assets	17,303,200	16,617,912	377,654	410,425	17,660,854	17,028,337	3.58%
Current Liabilities	2,467,378	1,963,611	38,909	58,837	2,506,287	2,022,448	-19.31%
Long-Term Liabilities	6,332,239	5,611,592	-	-	6,332,239	5,611,592	-11.38%
Total Liabilities	8,799,617	7,575,203	38,909	58,837	8,838,526	7,634,040	-13.63%
Deferred Inflows of Resources							
Unavailable Revenue –							
Subsequent Year Property Tax	2,919,356	2,990,222	-	-	2,919,356	2,990,222	2.42%
Net Position	2,919,356	2,990,222	-	-	2,919,356	2,990,222	2.42%
Net Investment in Capital Assets	2,806,606	3,315,628	450,526	433,131	3,257,132	3,748,759	15.09%
Restricted	1,044,228	1,043,995	-	-	1,044,228	1,043,995	0.02%
Unrestricted	1,733,393	1,692,864	(111,781)	(81,543)	1,621,612	1,611,321	-0.06%
Total Net Position	\$5,584,227	\$6,052,487	\$338,745	\$351,588	\$5,922,972	\$6,404,075	8.12%

The District's combined net position increased by 8.12% or approximately \$481,000 over the prior year. The largest portion of the District's net position is the net investment in capital assets which is total capital assets less the related debt. The debt related to the net investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$233, or 0.02%, from the prior year. The decrease was primarily a result of decreased net position restrictions for categorical funding and other special revenue purposes.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or the legal requirements – decreased approximately \$10,000 or 0.06%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2013 compared to the year ended June 30, 2012.

Figure A-4 Changes in Net Position from Operations

	Governmental Activities		Business-Type Activities		Total District		Change
	June 30		June 30		June 30		June 30
	2012	2013	2012	2013	2012	2013	2012/2013
Revenue:							
Program revenue							
Charges for services	\$460,672	\$549,720	\$278,989	\$305,748	\$ 739,661	\$855,468	15.66%
Operating grants & contributions	937,685	814,345	303,664	318,800	1,241,349	1,133,145	-8.72%
General Revenues:							
Property tax	2,817,021	2,924,580	-	-	2,817,021	2,924,580	3.82%
Instruction support tax	153,925	202,978	-	-	153,925	202,978	31.87%
Local option sales tax	572,951	582,176	-	-	572,951	582,176	1.61%
Unrestricted state grants	4,169,582	4,083,609	-	-	4,169,582	4,083,609	-2.06%
Unrestricted investment earnings	91,786	68,774	-	1,387	91,786	70,161	-23.56%
Gain on disposal of assets	2,275	638	-	-	2,275	638	-71.96%
Other	94,086	23,889	11,721	4,691	105,807	28,580	-72.99%
Total Revenue	9,299,983	9,250,709	594,374	630,626	9,894,357	9,881,335	-0.13%
Program expenses:							
Instruction	5,628,028	5,789,674	-	-	5,628,028	5,789,674	2.87%
Support service	1,956,476	2,246,842	-	-	1,956,476	2,246,842	14.84%
Non-instructional programs	7,959	6,283	565,218	617,783	573,177	624,066	8.88%
Other expenses	656,558	588,066	-	-	656,558	588,066	-10.43%
Total expenses	8,249,021	8,630,865	565,218	617,783	8,814,239	9,248,648	4.93%
Change in net position	\$1,050,962	\$619,844	\$ 29,156	\$ 12,843	\$1,080,118	\$632,687	-41.42%

In fiscal year 2013, property tax, local option sales tax, and unrestricted state grants account for 82.05% of the total revenue from governmental activities while charges for services and operating grants and contributions account for 99.04% of the revenue from business-type activities. The District's expenses primarily relate to instruction and support services, which account for 93.11% of the total expenses for governmental activities.

The District's total revenues were \$9,881,335 of which \$9,250,709 was for governmental activities and \$630,626 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 0.13% decrease in revenues and a 4.50% increase in expenditures. Revenues decreased due to reduced state foundation aid, insurance recovery revenue received in fiscal year 2012, and education jobs funding ending in fiscal year 2012.

Charges for services in the business-type activities, which include the school nutrition and daycare programs, increased. Expenditures for the business-type activities increased due to increased costs associated with the daycare program and new federal regulations for the school nutrition program.

Governmental Activities

Figure A-5 presents the cost of four major district activities: instruction, support services, non-instructional, and other. The table also shows each activity's net cost (total cost less fees generated by activities and intergovernmental aid provided for specific programs.) The net cost shows the financial impact placed on the taxpayers by each function.

Figure A-5 Total and Net Cost of Government Activities

	Total Cost of Services			Net Cost of Services		
	June 30		Change	June 30		Change
	2012	2013	2012/2013	2012	2013	2012/2013
Instruction	\$5,628,028	\$5,789,674	2.87%	\$4,542,203	\$4,857,645	6.94%
Support services	1,956,476	2,246,842	14.42%	1,917,816	2,089,134	8.93%
Non-Instructional	7,959	6,283	-21.00%	7,959	6,283	-21.06%
Other	656,558	588,066	-10.43%	382,686	313,738	-18.02%
Total	\$8,249,021	\$8,630,865	4.63%	\$6,850,664	\$7,266,800	6.07%

- The cost financed by users of the District's programs was \$549,720.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$814,345.
- The net cost of governmental activities was financed with \$3,709,734 in property and other taxes and \$4,083,609 in unrestricted state grants.

Business-Type Activities

Revenues for business type activities during the year ended June 30, 2013 were \$630,626, representing a 6.00% increase over the prior year, while expenses were \$617,783 a 9.30% increase over the prior year. The District's business-type activities include the School Nutrition Fund and the Before and After School/Daycare Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, West Sioux Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,944,704, a difference of \$592,221 from last year's ending fund balances of \$3,536,925. The primary reason for the decrease in combined fund balance in fiscal 2013 is due to the loss of Education Jobs funding, decreased revenue from the operational sharing agreements, and the completion of improvements to the High School/Middle School building.

Governmental Fund Highlights

The District's General Fund financial position is the result of continued sharing agreements with the MOC-Floyd Valley Community School District and the Akron-Westfield Community School District.

- The General Fund balance decreased from \$2,055,716 to \$1,864,125, due largely to a decrease in revenue from the Education Jobs funding and revenue from the operational sharing agreement.

Proprietary Fund Highlights

The Before and After School/Daycare fund net position decreased from \$227,200 at June 30, 2012 to \$213,659 at June 30, 2013. Charges for services increased from \$114,889 in fiscal year 2012 to \$126,533 in fiscal year 2013, while expenditures decreased from \$150,717 in 2012 to \$142,960 in fiscal year 2013. The net operating loss in 2013 was \$13,541, compared to \$25,016 in 2012.

The school nutrition fund net position increased from \$111,545 in 2012 to \$137,929 in 2013. This is a result of increased revenue from the continuation of an improved ala Carte program.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following a required public notice and hearing. The budget may be amended during the year utilizing statutorily prescribed procedures. The 2013 budget was amended by the Board of Education in accordance with the Code of Iowa. The District's budget is prepared on the accrual basis. During the year, expenditures in total did not exceed the total amended published budget amounts. However, the final costs for the support services were higher than anticipated for fiscal year 2013 by \$43,275. Details can be found in the supplementary information section of this report as required.

The district amended the budget to allow for increased expenditures for the additional personnel.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested over \$15.3 million in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents an increase of 4.03% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$276,751.

Figure A-6 Capital Assets

	Capital Assets						
	Governmental Activities		Business-Type Activities		Total School District		Total Change
	June 30		June 30		June 30		June 30
	2012	2013	2012	2013	2012	2013	2012/2013
Land	\$ 51,375	\$ 51,375	\$ -	\$ -	\$ 51,375	\$ 51,375	0.00%
Construction in Progress	3,229,010	-	-	-	3,229,010	-	-100.00%
Buildings & Improvements	5,288,768	8,925,963	371,844	363,932	5,660,612	9,289,895	64.11%
Furniture & Equipment	268,031	343,123	78,682	69,199	346,713	412,322	18.92%
Total	\$8,837,184	\$9,320,461	450,526	\$ 433,131	\$9,287,710	\$9,753,592	-5.02%

Long-Term Debt

At June 30, 2013, the District had \$2,290,000 in general obligation bonds outstanding, \$3,765,000 in sales tax revenue bonds, \$128,268 in capital lease obligations, \$107,565 in early retirement obligations, \$76,696 in net OPEB obligations and \$11,025 in accrued compensated absences. The total long term debt decreased by \$747,373 due primarily to continued bond repayment. Reductions were made to the general obligation and sales tax revenue bonds, capital lease obligation and the early retirement obligation. The District's long term debt is presented in Note 6 of the financial statements.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The financial history of the State of Iowa's support for public K-12 schools has translated into restricted levels of state aid funding for education at the local level. Future needs of the district will continue to grow and it is hoped that allowable growth would match the needs of public K-12 education.
- District enrollment has increased in fiscal year 2013 by 68.1 students to a certified enrollment of 738.1. Under Iowa's school finance formula, funding is highly dependent upon enrollment. During the 2012-2013 school year, West Sioux students who open enrolled out to other districts decreased by 2 students, from 54 to 52. Because West Sioux is the resident district, the student is counted for state funding, but then funding is paid to the receiving district. Future enrollment stability is a critical element in maintaining a sound financial foundation. The enrollment for the 2013-2014 school year increased, which will have a very positive bearing on the 2014-2015 budget.
- Allowable growth was set at two percent with along with a two percent state aid supplement for the 2013-2014 fiscal year, also tentatively set at four percent for the 2014-2015 fiscal year.
- The District annually negotiates a one-year contract with the West Sioux Education Teacher Association (WSETA). Settlements in excess of "new money" or allowable growth in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- During the 2012-2013 fiscal year, the district spent approximately \$105,000 of Save and Supportive grant funding which allowed the district to add additional staff. Although this grant continues through the 2013-2014 fiscal year, expenditures will continue, affecting future budgets.
- An operational sharing arrangement with the MOC-Floyd Valley Community School District began during the 2010-2011 fiscal year with the sharing of services for the superintendent and business management and continued with business management into the 2012-2013 fiscal year. In addition, the district shared transportation director, human resources, plant operation and maintenance, and superintendent services with the Akron-Westfield Community School District for fiscal year 2014. State funding for operational sharing will continue to increase revenues for the 2013-2014 and tentatively for the 2014-2015 budget years.
- The district has completed the building project at the high school/middle school facility. The new facility is currently occupied and in use.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dani Gradert, Business Manager at the West Sioux Community School District, 1300 Falcon Drive, Hawarden, IA 51023 or 712-551-1461.

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>West Sioux Educational Foundation</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,043,009	\$ 124,912	\$ 3,167,921	\$ 135,910
Investments	-	-	-	365,064
Receivables:				
Property Tax	59,088	-	59,088	-
Succeeding Year Property Tax	2,990,222	-	2,990,222	-
Income Surtax	182,254	-	182,254	-
Accounts	1,016	16,950	17,966	-
Internal Balances	170,344	(170,344)	-	-
Due from Other Governments	321,487	-	321,487	-
Restricted Assets:				
Cash and Cash Equivalents	530,031	-	530,031	-
Inventories	-	5,776	5,776	-
Land	51,375	-	51,375	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	9,269,086	433,131	9,702,217	-
Total Assets	<u>16,617,912</u>	<u>410,425</u>	<u>17,028,337</u>	<u>500,974</u>
LIABILITIES				
Accounts Payable	371,916	20,263	392,179	-
Salaries and Benefits Payable	743,028	27,964	770,992	-
Accrued Interest Payable	67,310	-	67,310	-
Unearned Revenue	14,395	10,610	25,005	-
Noncurrent Liabilities:				
Due Within One Year:				
Bonds Payable	595,000	-	595,000	-
Lease Obligations Payable	128,268	-	128,268	-
Early Retirement Payable	43,694	-	43,694	-
Due in More Than One Year:				
Accrued Compensated Absences	11,025	-	11,025	-
Early Retirement Payable	63,871	-	63,871	-
Bonds Payable	5,460,000	-	5,460,000	-
Net OPEB Liability	76,696	-	76,696	-
Total Liabilities	<u>7,575,203</u>	<u>58,837</u>	<u>7,634,040</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue -				
Subsequent Year Property Taxes	2,990,222	-	2,990,222	-
Total Deferred Inflows of Resources	<u>2,990,222</u>	<u>-</u>	<u>2,990,222</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	3,315,628	433,131	3,748,759	-
Restricted for:				
Categorical Funding	142,186	-	142,186	-
Debt Service	538,656	-	538,656	-
Management Levy	46,429	-	46,429	-
Physical Plant and Equipment Levy	130,695	-	130,695	-
School Infrastructure	136,957	-	136,957	-
Other Special Revenue Purposes	49,072	-	49,072	-
Unrestricted	1,692,864	(81,543)	1,611,321	500,974
Total Net Position	<u>\$ 6,052,487</u>	<u>\$ 351,588</u>	<u>\$ 6,404,075</u>	<u>\$ 500,974</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 3,686,031	\$ 103,450	\$ 160,259	\$ -
Special Instruction	1,359,987	1,061	330,689	-
Other Instruction	743,656	322,465	14,105	-
Support Services:				
Student Services	147,651	10,517	-	-
Instructional Staff Services	201,122	-	-	-
Administration Services	854,593	111,827	-	-
Operation and Maintenance	704,384	400	-	-
Transportation Services	339,092	-	34,964	-
Non-instructional Programs	6,283	-	-	-
Other Expenditures:				
Facilities Acquisition and Construction Services	103,209	-	-	-
Long-term Debt Interest	210,529	-	-	-
AEA Flowthrough	274,328	-	274,328	-
Total governmental activities	8,630,865	549,720	814,345	-
Business Type Activities:				
Non-instructional Programs				
Before and After School Program	142,960	126,533	-	-
Food Service Operations	474,823	179,215	318,800	-
Total Business Type Activities	617,783	305,748	318,800	-
Total Primary Government	9,248,648	855,468	1,133,145	-
Component Unit:				
School Education Foundation	\$ 22,966	\$ -	\$ -	\$ 61,617
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Management Levy				
Capital Outlay				
Instructional Support Surtax				
Local Option Sales Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Gain on Disposal of Assets				
Other				
Total general revenues				
Change in net position				
Net position - beginning				
Prior Period Adjustment				
Net position - beginning, as restated				
Net position - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business Type Activities	Total	Component Unit West Sioux Educational Foundation
\$ (3,422,322)		\$ (3,422,322)	
(1,028,237)		(1,028,237)	
(407,086)		(407,086)	
(137,134)		(137,134)	
(201,122)		(201,122)	
(742,766)		(742,766)	
(703,984)		(703,984)	
(304,128)		(304,128)	
(6,283)		(6,283)	
(103,209)		(103,209)	
(210,529)		(210,529)	
-		-	
<u>(7,266,800)</u>		<u>(7,266,800)</u>	
	\$ (16,427)	(16,427)	
	23,192	23,192	
	<u>6,765</u>	<u>6,765</u>	
<u>(7,266,800)</u>	<u>6,765</u>	<u>(7,260,035)</u>	
			<u>\$ 38,651</u>
1,892,241	-	1,892,241	-
503,425	-	503,425	-
230,594	-	230,594	-
298,320	-	298,320	-
202,978	-	202,978	-
582,176	-	582,176	-
4,083,609	-	4,083,609	-
68,774	1,387	70,161	-
638	-	638	-
23,889	4,691	28,580	-
<u>7,886,644</u>	<u>6,078</u>	<u>7,892,722</u>	-
619,844	12,843	632,687	38,651
5,584,227	338,745	5,922,972	462,323
(151,584)	-	(151,584)	-
<u>5,432,643</u>	<u>338,745</u>	<u>5,771,388</u>	-
<u>\$ 6,052,487</u>	<u>\$ 351,588</u>	<u>\$ 6,404,075</u>	<u>\$ 500,974</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General	Debt Service
ASSETS		
Cash and Cash Equivalents	\$ 2,374,144	\$ 66,173
Receivables:		
Property Tax	38,640	9,762
Succeeding Year Property Tax	1,882,038	502,193
Income Surtax	182,254	-
Accounts	351	-
Due from Other Funds	187,145	-
Due from Other Governments	229,453	-
Restricted Assets:		
Cash and Cash Equivalents	-	230,966
Total Assets	<u>4,894,025</u>	<u>809,094</u>
LIABILITIES		
Accounts Payable	203,525	-
Due to Other Funds	-	-
Salaries and Benefits Payable	743,028	-
Early Retirement Payable	-	-
Unearned Revenue	14,395	-
Total Liabilities	<u>960,948</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Delinquent Property Tax	4,660	1,139
Income Surtax	182,254	-
Subsequent Year Property Tax	1,882,038	502,193
Total Deferred Inflows of Resources	<u>2,068,952</u>	<u>503,332</u>
FUND BALANCES		
Restricted for:		
Categorical Funding	142,186	-
Debt Service	-	305,762
Management Levy Purposes	-	-
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	-	-
Unassigned	1,721,939	-
Total Fund Balances	<u>1,864,125</u>	<u>305,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,894,025</u>	<u>\$ 809,094</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 602,692	\$ 3,043,009
10,686	59,088
605,991	2,990,222
-	182,254
665	1,016
-	187,145
92,034	321,487
299,065	530,031
<u>1,611,133</u>	<u>7,314,252</u>
168,391	371,916
16,801	16,801
-	743,028
43,694	43,694
-	14,395
<u>228,886</u>	<u>1,189,834</u>
1,439	7,238
-	182,254
605,991	2,990,222
<u>607,430</u>	<u>3,179,714</u>
-	142,186
299,065	604,827
109,555	109,555
130,001	130,001
187,124	187,124
49,072	49,072
-	1,721,939
<u>774,817</u>	<u>2,944,704</u>
<u>\$ 1,611,133</u>	<u>\$ 7,314,252</u>

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Amounts reported for Governmental Activities in the Statement of Net Position is different because:

Total Fund Balance - Governmental Funds (page 17)		\$ 2,944,704
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		9,320,461
Deferred revenues from the balance sheet that provide current financial resources for governmental activities.		189,492
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(67,310)
Long-term liabilities, including bonds payable, lease obligations payable, early retirement payable, other post employment benefits payable, and accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Bonds Payable	(6,055,000)	
Lease Obligation	(128,268)	
Early Retirement Payable	(63,871)	
Net OPEB Obligation	(76,696)	
Accrued Compensated Absences	(11,025)	
	(6,334,860)	(6,334,860)
Total Net Position - Governmental Activities (page 13)		\$ 6,052,487

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	General	Debt Service
REVENUE:		
Local Sources:		
Local Tax	\$ 2,077,753	\$ 503,032
Tuition	81,800	-
Other	216,902	3,694
State Sources	4,407,416	304
Federal Sources	480,191	-
Total Revenue	<u>7,264,062</u>	<u>507,030</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	3,546,563	-
Special Instruction	1,352,566	-
Other Instruction	341,864	-
Support Services:		
Student Services	134,210	-
Instructional Staff Services	203,135	-
Administration Services	761,224	1,900
Operation and Maintenance	572,293	-
Transportation Services	273,350	-
Non-instructional Programs	-	-
Other Expenditures:		
Facilities Acquisition and Construction Services	-	-
Long-term Debt:		
Principal	-	712,124
Interest and Fiscal Charges	-	213,111
AEA Flowthrough	274,328	-
Total Expenditures	<u>7,459,533</u>	<u>927,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(195,471)</u>	<u>(420,105)</u>
Other Financing Sources (Uses):		
Transfers In	-	421,831
Transfers Out	-	-
Sale of Capital Assets	3,880	-
Total Other Financing Sources (Uses)	<u>3,880</u>	<u>421,831</u>
Net Change in Fund Balances	(191,591)	1,726
Fund Balances - Beginning of Year	<u>2,055,716</u>	<u>304,036</u>
Fund Balances - End of Year	<u>\$ 1,864,125</u>	<u>\$ 305,762</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
\$ 1,110,480	\$ 3,691,265
-	81,800
350,397	570,993
319	4,408,039
-	480,191
<u>1,461,196</u>	<u>9,232,288</u>
69,583	3,616,146
-	1,352,566
354,895	696,759
12,087	146,297
4,059	207,194
87,004	850,128
152,600	724,893
91,413	364,763
6,283	6,283
663,797	663,797
-	712,124
-	213,111
-	274,328
<u>1,441,721</u>	<u>9,828,389</u>
<u>19,475</u>	<u>(596,101)</u>
-	421,831
(421,831)	(421,831)
-	3,880
<u>(421,831)</u>	<u>3,880</u>
(402,356)	(592,221)
<u>1,177,173</u>	<u>3,536,925</u>
<u>\$ 774,817</u>	<u>\$ 2,944,704</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 20) \$ (592,221)

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlays exceeded depreciation in the current year as follows:

Expenditures for capital assets	\$ 741,832	
Depreciation expense	<u>(256,393)</u>	485,439

Governmental funds report only the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or (loss) on the sale or disposal of fixed assets. This is the effect on the change in net position on the statement of activities. (2,162)

Accrued interest expense that does not require current financial resources. 2,582

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues. 13,028

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Long term portion of early retirement liability		38,924
Other post employment benefits		<u>(37,870)</u>

The repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The principal paid on long-term debt during the current year was as follows:

Bonds payable	585,000	
Lease obligations payable	<u>127,124</u>	<u>712,124</u>

Change in net position of governmental activities (page 15) \$ 619,844

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 3,934	\$ 120,978	\$ 124,912
Accounts Receivable	-	16,950	16,950
Inventories	-	5,776	5,776
Total Current Assets	<u>3,934</u>	<u>143,704</u>	<u>147,638</u>
Noncurrent Assets:			
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	391,485	41,646	433,131
Total Noncurrent Assets	<u>391,485</u>	<u>41,646</u>	<u>433,131</u>
Total Assets	<u>395,419</u>	<u>185,350</u>	<u>580,769</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,475	18,788	20,263
Due To Other Funds	170,344	-	170,344
Salaries and Benefits Payable	9,941	18,023	27,964
Unearned Revenue	-	10,610	10,610
Total Current Liabilities	<u>181,760</u>	<u>47,421</u>	<u>229,181</u>
Total Liabilities	<u>181,760</u>	<u>47,421</u>	<u>229,181</u>
NET POSITION			
Net Investment in Capital Assets	391,485	41,646	433,131
Unrestricted	(177,826)	96,283	(81,543)
Total Net Position	<u>\$ 213,659</u>	<u>\$ 137,929</u>	<u>\$ 351,588</u>

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
Operating Revenues:			
Charges for services	\$ 126,533	\$ 179,215	\$ 305,748
Miscellaneous	2,886	1,805	4,691
Total Operating Revenue	129,419	181,020	310,439
Operating Expenditures:			
Non-Instructional Programs:			
Salaries	98,040	117,193	215,233
Benefits	26,813	67,364	94,177
Purchased Services	465	29,244	29,709
Supplies	7,197	249,840	257,037
Depreciation	9,598	10,760	20,358
Other	847	422	1,269
Total Operating Expenses	142,960	474,823	617,783
Operating (Loss)	(13,541)	(293,803)	(307,344)
Non-Operating Revenues :			
Interest Income	-	1,387	1,387
State Lunch Reimbursements	-	3,902	3,902
National School Lunch Program	-	287,047	287,047
Federal Food Commodities Received	-	27,851	27,851
Total Non-Operating Revenues	-	320,187	320,187
Change in net position	(13,541)	26,384	12,843
Net Position - beginning	227,200	111,545	338,745
Net Position - ending	\$ 213,659	\$ 137,929	\$ 351,588

See Accompanying Notes to Financial Statements

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Before & After School Fund	School Nutrition Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	\$ 128,198	\$ 180,837	\$ 309,035
Cash received from miscellaneous operating activities	2,886	1,918	4,804
Cash paid to employees for services	(127,651)	(183,576)	(311,227)
Cash paid to suppliers for goods or services	(7,396)	(238,214)	(245,610)
Total cash (used) by operating activities	<u>(3,963)</u>	<u>(239,035)</u>	<u>(242,998)</u>
Cash flows from noncapital financing activities:			
State grants received	-	3,902	3,902
Federal grants received	-	306,473	306,473
Total cash provided by noncapital financing activities	<u>-</u>	<u>310,375</u>	<u>310,375</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(2,963)	(2,963)
Cash flows from investing activities:			
Interest on investments	-	1,387	1,387
Net increase (decrease) in cash and cash equivalents	<u>(3,963)</u>	<u>69,764</u>	<u>65,801</u>
Cash and cash equivalents - beginning of year	<u>7,897</u>	<u>51,214</u>	<u>59,111</u>
Cash and cash equivalents - end of year	<u><u>3,934</u></u>	<u><u>120,978</u></u>	<u><u>124,912</u></u>
Reconciliation of operating income (loss) to net cash (used) in operating activities:			
Operating (loss)	(13,541)	(293,803)	(307,344)
Adjustments to reconcile net operating (loss) to net cash (used) by operating activities:			
Depreciation expense	9,598	10,760	20,358
Commodities used	-	27,851	27,851
(Increase) decrease in assets and increase (decrease) in liabilities:			
Accounts Receivable	1,665	113	1,778
Inventory	-	1,171	1,171
Accounts Payable	1,113	12,269	13,382
Salaries and benefits payable	(2,798)	981	(1,817)
Unearned Revenue	-	1,622	1,622
Net cash (used) in operating activities	<u>\$ (3,963)</u>	<u>\$ (239,036)</u>	<u>\$ (242,999)</u>
Non-cash investing, capital and financing activities:			
Federal food commodities received	<u>\$ -</u>	<u>\$ 27,851</u>	<u>\$ 27,851</u>

See Accompanying Notes to Financial Statements

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Sioux Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Hawarden and Ireton, Iowa, and predominately agricultural territory in Sioux and Plymouth Counties in Iowa. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Government Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, West Sioux Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. There is one discretely presented component unit included with this financial report.

Discretely Presented Component Unit

West Sioux Education Foundation - In December of 1988, the District established the West Sioux Educational Foundation by appointing a board of trustees to incorporate a foundation under the Iowa Non-Profit Corporation Act, Iowa Code Chapter 504A. The Foundation devotes itself exclusively to the improvement, aid, and promotion of public programs and projects within the District. The Foundation's financial data as of and for the year ended December 31, 2012 is reported in a separate column to emphasize that it is legally separate from the District. The West Sioux Educational Foundation does not issue separate financial statements.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Sioux County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary funds:

Before and After School fund is used to account for the Before and After School (Daycare) operations of the District.

School Nutrition fund is used to account for the school nutrition operations of the District.

C. Basis of Accounting/Measurement Focus

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end, with the exception of expenditure driven grants for which a one-year availability period is used.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2011 assessed property valuations; is for the tax accrual period July 1, 2012 through June 30, 2013 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2012.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of \$5,000 for governmental capital assets and \$500 for school nutrition capital assets.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Outflows / Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category which is unavailable revenue. The governmental activities in the government-wide statements and the governmental funds report unavailable revenues from subsequent year property taxes. The governmental funds also report unavailable revenues from delinquent property taxes and the income surtax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classification.

Restricted Net Position – In the government-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2013, expenditures in the support services functional area exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 2 – CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies, certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Custodial Credit Risk – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less.

At December 31, 2012, the discretely presented component unit had the following investments:

	<u>Fair Value</u>	<u>Credit Risk</u>
Mutual Fund – AIM Investments	\$ 5,326	★
Mutual Fund – Oppenheimer Investments	14,267	★★
Mutual Fund – Mainstay Investments	13,588	★★★
Mutual Fund – United Planners	49,784	★★★
	<u>\$ 82,965</u>	

These credit ratings were obtained from Morningstar.

	<u>Par Value</u>	<u>Credit Risk</u>
U.S. Treasury Note	<u>\$ 15,000</u>	Not Rated

The discretely presented component unit also held \$267,099 in certificates of deposits with the latest maturity extending to January, 2016.

NOTE 3 – INTERFUND TRANSFERS

The detail of short-term interfund transfers for the year ended June 30, 2013 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service Fund	Non-Major Governmental Fund	\$ 421,831

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 4 – DUE FROM AND DUE TO OTHER FUNDS

The detail of short-term interfund receivables and payables at June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Before and After School	\$ 170,344
General Fund	Student Activity	2,995
General Fund	Management	13,806

The Before and After School Fund is repaying the General Fund for payroll that was paid out of the General Fund.

The Activity Fund is repaying the General Fund for supplies purchased that were paid for out of the General Fund.

The Management Fund is repaying the General Fund for early retirement related expenditures that were paid out of the General Fund.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 51,375	\$ -	\$ -	\$ 51,375
Construction in Progress	3,229,010	544,934	3,773,944	-
Total capital assets not being depreciated	<u>3,280,385</u>	<u>544,934</u>	<u>3,773,944</u>	<u>51,375</u>
Capital assets being depreciated:				
Buildings	9,486,547	3,551,970	-	13,038,517
Improvements other than buildings	395,143	277,852	-	672,995
Furniture and equipment	960,999	141,020	151,890	950,129
Total capital assets being depreciated	<u>10,842,689</u>	<u>3,970,842</u>	<u>151,890</u>	<u>14,661,641</u>
Less: Accumulated Depreciation for:				
Buildings & Improvements	4,592,920	192,629	-	4,785,549
Furniture and equipment	692,970	63,764	149,728	607,006
Total Accumulated Depreciation	<u>5,285,890</u>	<u>256,393</u>	<u>149,728</u>	<u>5,392,555</u>
Total capital assets being depreciated, net	<u>5,556,799</u>	<u>3,714,449</u>	<u>2,162</u>	<u>9,269,086</u>
Governmental activities capital assets, net	<u>\$ 8,837,184</u>	<u>\$ 4,259,383</u>	<u>\$ 3,776,106</u>	<u>\$ 9,320,461</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-type Activities:				
Capital assets being depreciated:				
Buildings	\$ 395,579	\$ -	\$ -	\$ 395,579
Furniture and equipment	208,111	2,963	-	211,074
Total capital assets being depreciated	<u>603,690</u>	<u>2,963</u>	<u>-</u>	<u>606,653</u>
Less: Accumulated Depreciation				
Buildings	23,736	7,911	-	31,647
Furniture and Equipment	129,428	12,447	-	141,875
Total Accumulated Depreciation	<u>153,164</u>	<u>20,358</u>	<u>-</u>	<u>173,522</u>
Total capital assets being depreciated, net	<u>450,526</u>	<u>(17,395)</u>	<u>-</u>	<u>433,131</u>
Business-type activity capital assets, net	<u>\$ 450,526</u>	<u>\$ (17,395)</u>	<u>\$ -</u>	<u>\$ 433,131</u>

Depreciation expense was charged to the functions as follows:

Governmental Activities:	
Regular Instruction	\$ 155,314
Other Instruction	44,236
Transportation Services	47,943
Operations & Maintenance	8,342
Administration Services	558
Total depreciation expense – governmental activities	<u>\$ 256,393</u>
Business-type Activities:	
Food Service Operations	\$ 10,760
Before and After School Daycare	9,598
Total depreciation expense – business-type activities	<u>\$ 20,358</u>

The discretely presented component unit had no capital assets as of December 31, 2012.

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 51,375	\$ -
Capital Assets (net of accumulated depreciation)	9,269,086	433,131
Less: Bonds Payable	6,055,000	-
Add: Unspent Bond Proceeds	50,167	-
Net Investment in Capital Assets	<u>\$ 3,315,628</u>	<u>\$ 433,131</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 6 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013 was as follows

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Revenue Bonds	\$ 3,935,000	\$ -	\$ 170,000	\$ 3,765,000	\$ 170,000
General Obligation Bonds	2,705,000	-	415,000	2,290,000	425,000
Capital Lease Obligation	255,392	-	127,124	128,268	128,268
Early Retirement	143,135	-	35,570	107,565	43,694
Net OPEB Obligation	38,826	37,870	-	76,696	-
Accrued Compensated Absences	7,350	3,675	-	11,025	-
Governmental Activities Long-Term Liabilities	<u>\$ 7,084,703</u>	<u>\$ 41,545</u>	<u>\$ 747,694</u>	<u>\$ 6,418,554</u>	<u>\$ 766,962</u>

Revenue Bonds

The District has pledged future statewide sales, services, and use tax revenues to repay the revenue bonds issued in fiscal year 2012. The statewide sales, services, and use tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the statewide sales, services, and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require the majority of the statewide sales, services, and use tax revenues. The total principal and interest remaining to be paid on the note is \$5,078,546. For the current year, \$123,538 of interest was paid on the bonds and total statewide sales, services, and use tax revenues were \$582,176.

The resolution providing for the issuance of the statewide sales, services, and use tax revenue bonds includes the following provisions:

1. \$299,065 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
2. All proceeds from the statewide sales, services, and use tax shall be placed in a Revenue Account.
3. Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements each month of the fiscal year. The Sinking Account is shown as a restricted asset in the Debt Service Fund.
4. Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

The District was in compliance with all of the provisions during the year ended June 30, 2013.

Revenue bonds as of June 30, 2013 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Statewide Sales, Services, and Use Tax Revenue Bonds	2.0-4.25%	<u>\$ 3,765,000</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds as of June 30, 2013 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – 2009 Series - Refunding	2.8-3.8%	<u>\$ 2,290,000</u>

Annual debt service requirements to maturity for general obligation bonds and revenue bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 595,000	\$ 196,830
2015	615,000	181,480
2016	630,000	164,340
2017	655,000	145,548
2018	680,000	124,566
2019-2023	1,000,000	449,095
2024-2028	1,180,000	263,330
2029-2030	700,000	35,715
Total	<u>\$ 6,055,000</u>	<u>\$ 1,560,904</u>

Capital Leases

On May 18, 2011, the District entered into a four-year lease agreement as lessee for financing the acquisition of laptops as part of the 1:1 Laptop Initiative. This initiative was approved by the District to provide laptops for students and faculty use. The laptops and accessories included in this capital lease agreement individually fall below the District's capitalization policy and therefore, none of these items were capitalized.

The following is a schedule of future minimum lease payments under capital lease, together with the net present value of the minimum lease payments as of June 30, 2013.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 128,268	\$ 1,154	<u>129,422</u>
Minimum Lease Payments			129,422
Less: Amount Representing Interest			<u>(1,154)</u>
Present Value of Minimum Lease Payments			<u>\$ 128,268</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 6 – LONG-TERM LIABILITIES (CONTINUED)

Early Retirement

The District offered a voluntary early retirement plan to its certified employees, which was discontinued as of June 30, 2013. Teachers and administrators who were at least 55 years of age and who had 15 years of continuous service with the District were eligible for Board approved early retirement compensation. Employees making application for early retirement were allowed to remain on the group's health insurance plan at a rate of \$455 - \$525 per month based on year of retirement for individual coverage paid for by the District to end when the employee is Medicare eligible. Early retirement benefits paid, during the year ended June 30, 2013, totaled \$35,570 for the eight current recipients. The cost of early retirement payments liquidated within the next accounting cycle is recorded as a liability of the Special Revenue, Management Levy Fund, in the fund financial statements. The non-current portion of the early retirement liability is recorded in the government-wide financial statements.

NOTE 7 – PENSION AND RETIREMENT BENEFITS

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.78% and the District is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$381,515, \$332,772, and \$266,707 respectively, equal to the required contributions for each year.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description. The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. Participants must be age 55 or older at retirement.

Funding Policy. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and NET OPEB Obligation. The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 126,167
Interest on net OPEB obligation	1,747
Adjustment to annual required contribution	<u>(1,549)</u>
Annual OPEB cost (Expense)	126,365
Contributions made	<u>(88,495)</u>
Increase in net OPEB obligation	37,870
Net OPEB obligation – beginning of year	<u>38,826</u>
Net OPEB obligation – end of year	<u>\$ 76,696</u>

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2012. The end of the year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2013 are summarized as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 126,365	70.00%	\$ 76,696
June 30, 2012	\$ 14,079	8.08%	\$ 38,826
June 30, 2011	\$ 14,079	8.08%	\$ 25,884
June 30, 2010	\$ 14,079	8.08%	\$ 12,942

Funded Status and Funding Progress. As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,375,230, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,375,230. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3,524,531 and the ratio of the UAAL to covered payroll was 39.0%.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% interest discount rate based on the District's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. Mortality rates are from the RP-2000 Combined Health Generational Mortality Table for Males and Females using Projection Scale AA. Assumptions include a 3.5% growth in payroll per annum. The participation assumed is 70% for actives electing coverage. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to the Financial Statements
June 30, 2013

NOTE 9 – RISK MANAGEMENT

West Sioux Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 – AREA EDUCATION AGENCY

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$274,328 for the year ended June 30, 2013 and is recorded in the General Fund.

NOTE 11 – CONSTRUCTION COMMITMENTS

The District has entered into various contracts totaling \$41,402 for construction at Ireton Elementary. As of June 30, 2013, no costs had been incurred against the contracts. The balance of the contracts will be paid as work on the project progresses.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

In previous years bond issuance costs were deferred and amortized over the term of the bonds. During the year ended June 30, 2013, the District implemented Governmental Accounting Standards Board Statement No. 65 requiring these costs to be recognized in the period the loan was originated. A prior period adjustment was reported on the financial statements to recognize the effect of the removal of the unamortized bond issuance costs. The prior period adjustment decreased the beginning balance of the net position of the governmental activities by \$88,965.

During the year, it was determined that the District had understated its governmental activities accrued interest payable as of June 30, 2012. It was determined that \$62,619 was omitted in error. To correct the error, beginning net position was restated to reflect the accrual. The governmental activities beginning net position of the District was decreased by \$62,619 as a result of this adjustment.

REQUIRED SUPPLEMENTARY INFORMATION

WEST SIOUX COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN BALANCES
BUDGET AND ACTUAL, ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Governmental	Proprietary	Total	Final to Actual Variance
	Original	Final	Funds Actual	Funds Actual		
REVENUE:						
Local Sources:						
Local Tax	\$ 3,086,511	\$ 3,086,511	\$ 3,691,265	\$ -	\$ 3,691,265	\$ 604,754
Tuition	91,543	91,543	81,800	-	81,800	(9,743)
Other	1,330,773	1,330,773	570,993	311,826	882,819	(447,954)
State Sources	4,427,153	4,427,153	4,408,039	3,902	4,411,941	(15,212)
Federal Sources	689,888	689,888	480,191	314,898	795,089	105,201
Total Revenue	9,625,868	9,625,868	9,232,288	630,626	9,862,914	237,046
EXPENDITURES/EXPENSES:						
Current:						
Instruction	5,523,722	5,750,000	5,665,471	-	5,665,471	84,529
Support Services	2,162,709	2,250,000	2,293,275	-	2,293,275	(43,275)
Non-instructional Programs	693,834	693,834	6,283	617,783	624,066	69,768
Other Expenditures	2,018,198	2,018,198	1,863,360	-	1,863,360	154,838
Total Expenditures/Expenses	10,398,463	10,712,032	9,828,389	617,783	10,446,172	265,860
Excess (Deficiency) of Revenues Over Expenditures/Expenses	(772,595)	(1,086,164)	(596,101)	12,843	(583,258)	502,906
Other Financing Sources (Uses):						
Transfers In	422,760	422,760	421,831	-	421,831	(929)
Transfers Out	(422,760)	(422,760)	(421,831)	-	(421,831)	929
Sale of Capital Assets	-	-	3,880	-	3,880	3,880
Total Other Financing Sources	-	-	3,880	-	3,880	3,880
Net Change in Fund Balances	(772,595)	(1,086,164)	(592,221)	12,843	(579,378)	506,786
Fund Balances - Beginning of Year	2,334,493	1,660,387	3,536,925	338,745	3,875,670	2,215,283
Fund Balances - End of Year	\$ 1,561,898	\$ 574,223	\$ 2,944,704	\$ 351,588	\$ 3,296,292	\$ 2,722,069

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2013

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional area level, not at the fund or fund type level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a functional area basis and to compare such functional area totals to functional area budget totals in order to demonstrate legal compliance with budget. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year ended June 30, 2013, the District had a budget amendment to increase the instruction function due to an increase in enrollment which required additional personnel. Additionally, the District increased budgeted expenditures for total support services due to increased personnel as part of their sharing agreements with other districts.

During the year ended June 30, 2013, expenditures in the support services function exceeded the amounts budgeted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,053,005	2.0%
2011	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 3,740,801	2.2%
2012	July 1, 2009	-	\$ 81,659	\$ 81,659	0.00%	\$ 4,005,186	2.0%
2013	July 2, 2012	-	\$ 1,375,230	\$ 1,375,230	0.00%	\$ 3,524,531	39.0%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1

REVENUES:

Local Sources:

Local Tax:

Property Tax	\$	1,854,200
Mobile Home Tax		1,306
Utility Tax Replacement Excise Tax		35,254
Instructional Support Levy		186,993
		2,077,753

Other Local Sources:

Interest on Investments		56,078
Tuition from Individuals		6,500
Tuition from Other Districts		75,300
Sharing Agreements with Other Districts		111,827
Rent		400
Miscellaneous		48,597
		298,702
		2,376,455

State Sources:

State Foundation Aid		4,083,609
Beginning Teacher Mentoring Program		5,607
Non-Public Transportation Aid		34,964
Non-Public Textbook and Technology Aid		776
Vocational Education Aid		6,988
Revenue in lieu of taxes - military credit		1,144
AEA Flow-Through		274,328
		4,407,416

Federal Sources:

Title I Grants to Local Educational Agencies		83,156
English Language Acquisition Grants		8,576
Safe and Drug-Free Schools and Communities		105,313
Education for Homeless Children and Youth		4,441
Career and Technical Education Grants		6,277
Special Education Pass-Through - IDEA Grant		42,071
Improving Teacher Quality State Grants		26,986
Grants for State Assessments and Related Activities		4,147
Medicaid		199,185
Other		39
		480,191

Total Revenue

	\$	7,264,062
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Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1 (Continued)

EXPENDITURES:

Instruction:

Regular Instruction:

Salaries	\$	2,273,875
Benefits		679,502
Services		290,755
Supplies		247,698
Property		46,020
Other		8,713
		3,546,563

Special Education Instruction:

Salaries		792,879
Benefits		292,316
Services		240,402
Supplies		25,510
Other		1,459
		1,352,566

Vocational Instruction:

Salaries		132,104
Benefits		41,294
Supplies		20,973
Other		110
		194,481

Co-curricular Instruction:

Salaries		123,195
Benefits		22,195
Supplies		1,217
		146,607

Nonpublic Instruction:

Supplies		776
		776

Total Instruction		5,240,993
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Support Services:

Student Services:

Guidance Services:

Salaries		65,918
Benefits		17,235
Services		381
Supplies		256
		83,790
	\$	83,790

Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1 (Continued)

Support Services (Continued):

Student Services (Continued):

Health Services:

Salaries	\$	32,907
Benefits		5,735
Services		565
Supplies		11,134
Other		79
		50,420

Total Student Services

134,210

Support Services:

Instructional Staff Services:

Improvement of Instruction Services:

Salaries		3,918
Benefits		639
Services		4,175
		8,732

Educational Media Services:

Salaries		93,923
Benefits		31,971
Services		7,825
Supplies		44,250
Property		15,789
Other		645
		194,403

Total Instructional Staff Services

203,135

Support Services:

Administration Services:

Executive Administration:

Salaries		160,629
Benefits		56,447
Services		5,440
Supplies		2,079
Other		3,412
		228,007

School Administration:

Salaries		231,778
Benefits		96,928
Services		2,334
Supplies		470
Other		475
		\$ 331,985

Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1 (Continued)

Support Services (Continued):

Administration Services (Continued):

Business Administration:

Salaries	\$ 74,629
Benefits	27,182
Services	47,709
Supplies	2,584
Other	2,306
	154,410

Board of Education:

Services	40,978
Supplies	2,737
Other	3,107
	46,822

Total Administration Services: 761,224

Support Services:

Plant Operation and Maintenance:

Salaries	226,977
Benefits	60,348
Services	48,941
Supplies	228,031
Property	7,826
Other	170
	572,293

Total Plant Operation and Maintenance: 572,293

Support Services:

Student Transportation:

Salaries	98,577
Benefits	17,640
Services	85,647
Supplies	64,002
Property	5,919
Other	1,565
	273,350

Total Student Transportation: 273,350

Total Support Services \$ 1,944,212

Continued

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 1 (Continued)

Other Expenditures:	
AEA Flow-Through	\$ 274,328
Total Expenditures	7,459,533
(Deficiency) of Revenues Over Expenditures	(195,471)
Other Financing Sources:	
Proceeds from Sale of Assets	3,880
Total Other Financing Sources	3,880
(Deficiency) of Revenues Over Expenditures and Other Financing Uses	(191,591)
Fund Balance - Beginning of Year	2,055,716
Fund Balance - End of Year	\$ 1,864,125

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds	
	Student Activity	Management Levy
ASSETS		
Cash and Cash Equivalents	\$ 62,150	\$ 163,046
Receivables:		
Property Tax	-	4,883
Succeeding Year Property Tax	-	300,000
Accounts	665	-
Due from Other Governments	-	-
Restricted Assets:		
Cash and Cash Equivalents	-	-
Total Assets	62,815	467,929
LIABILITIES		
Accounts Payable	10,748	129
Due to Other Funds	2,995	13,806
Early Retirement Payable	-	43,694
Total Liabilities	13,743	57,629
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue -		
Delinquent Property Taxes	-	745
Subsequent Year Property Taxes	-	300,000
Total Deferred Inflows of Resources	-	300,745
FUND BALANCES		
Restricted for:		
Debt Service	-	-
Management Levy Purposes	-	109,555
Physical Plant and Equipment	-	-
School Infrastructure	-	-
Student Activities	49,072	-
Total Fund Balances	49,072	109,555
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 62,815	\$ 467,929

Schedule 2

Capital Projects Funds			
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total	
\$ 250,911	\$ 126,585	\$ 602,692	
-	5,803	10,686	
-	305,991	605,991	
-	-	665	
92,034	-	92,034	
299,065	-	299,065	
<u>642,010</u>	<u>438,379</u>	<u>1,611,133</u>	
155,821	1,693	168,391	
-	-	16,801	
-	-	43,694	
<u>155,821</u>	<u>1,693</u>	<u>228,886</u>	
-	694	1,439	
-	305,991	605,991	
<u>-</u>	<u>306,685</u>	<u>607,430</u>	
299,065	-	299,065	
-	-	109,555	
-	130,001	130,001	
187,124	-	187,124	
-	-	49,072	
<u>486,189</u>	<u>130,001</u>	<u>774,817</u>	
\$ 642,010	\$ 438,379	\$ 1,611,133	

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds	
	Student Activity	Management Levy
REVENUE:		
Local Sources:		
Local Tax	\$ -	\$ 230,236
Other	320,799	10,270
State Sources	-	139
Total Revenue	<u>320,799</u>	<u>240,645</u>
EXPENDITURES:		
Current:		
Instruction:		
Regular Instruction	-	48,003
Other Instruction	354,895	-
Support Services:		
Student Services	-	397
Instructional Staff Services	-	4,059
Administration Services	-	87,004
Operation and Maintenance	-	52,955
Transportation Services	-	16,973
Non-instructional Programs	-	6,283
Other Expenditures:		
Facilities Acquisition and Construction	-	-
Total Expenditures	<u>354,895</u>	<u>215,674</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,096)</u>	<u>24,971</u>
Other Financing Sources (Uses):		
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(34,096)	24,971
Fund Balances - Beginning of Year	<u>83,168</u>	<u>84,584</u>
Fund Balances - End of Year	<u>\$ 49,072</u>	<u>\$ 109,555</u>

Schedule 3

Capital Projects Funds		
Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
\$ 582,176	\$ 298,068	\$ 1,110,480
5,105	14,223	350,397
-	180	319
<u>587,281</u>	<u>312,471</u>	<u>1,461,196</u>
-	21,580	69,583
-	-	354,895
11,690	-	12,087
-	-	4,059
-	-	87,004
-	99,645	152,600
-	74,440	91,413
-	-	6,283
<u>547,565</u>	<u>116,232</u>	<u>663,797</u>
<u>559,255</u>	<u>311,897</u>	<u>1,441,721</u>
<u>28,026</u>	<u>574</u>	<u>19,475</u>
<u>(421,831)</u>	<u>-</u>	<u>(421,831)</u>
<u>(421,831)</u>	<u>-</u>	<u>(421,831)</u>
<u>(393,805)</u>	<u>574</u>	<u>(402,356)</u>
<u>879,994</u>	<u>129,427</u>	<u>1,177,173</u>
<u>\$ 486,189</u>	<u>\$ 130,001</u>	<u>\$ 774,817</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013**

					Schedule 4
	Balance June 30, 2012	Revenues	Expenditures	Operating Transfers	Balance June 30, 2013
HIGH SCHOOL					
Revolving Account	\$ -	\$ 36,500	\$ 33,909	\$ (2,591)	\$ -
Annual	3,501	3,325	3,996	-	2,830
Newspaper-Falcon Banner	17	468	99	-	386
Drama Club	3,499	1,362	2,065	-	2,796
Dance Team	2,308	3,221	2,810	-	2,719
Athletic Pop/Materials for Resale	-	3,052	(2,244)	(4,765)	531
Vocal Music Group	914	2,951	4,111	246	-
Band	87	2,509	3,357	761	-
High School Athletics	2,057	63,781	87,811	23,361	1,388
Concession Supplies	1,334	38,438	45,494	5,722	-
Future Famers of America	11,757	4,915	8,684	(7,158)	830
Library Club	119	-	-	-	119
Student Council	414	3,916	4,201	-	129
Cheerleaders	2,653	2,114	1,185	(3,332)	250
Class of 2012	901	-	887	-	14
Class of 2013	2,575	1,383	1,015	(2,264)	679
Class of 2014	890	966	611	-	1,245
Class of 2015	512	1,093	562	-	1,043
Class of 2016	-	1,275	577	-	698
High School Art Club	55	-	-	-	55
National Honor Society	174	2,367	2,426	-	115
Volleyball Fundraiser	1,823	9,973	10,486	-	1,310
Softball Fundraiser	3,281	8,698	7,459	(881)	3,639
Boys Basketball Fundraiser	-	10,308	8,332	(1,342)	634
High School Miscellaneous Accounts	1,340	-	4,036	2,696	-
Football Fundraiser	1,633	12,913	14,546	-	-
Boys Baseball Fundraiser	-	50	564	514	-
Girls Basketball Fundraiser	1,571	3,317	2,972	(414)	1,502
Cross Country Fundraiser	2,454	-	85	-	2,369
Bowling Fundraiser	587	-	-	-	587
Wrestling Fundraiser	-	6,615	4,930	-	1,685
Track Fundraiser	99	-	-	-	99

(Continued)

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule 4 (Continued)

	Balance June 30, 2012	Revenues	Expenditures	Operating Transfers	Balance June 30, 2013
HIGH SCHOOL - (Continued)					
Prom Fund	\$ 897	\$ 9,458	\$ 7,117	\$ -	\$ 3,238
Falcon Joe's Coffee Shop	13,124	1,033	601	(12,311)	1,245
Band Trip Fundraiser	-	179	179	-	-
Speech	-	854	857	3	-
Quiz Bowl	-	733	404	(179)	150
Interest	-	2,285	190	(2,095)	-
Golf	327	746	671	-	402
Soccer	3,783	3,075	4,453	(1,483)	922
Girls Soccer Fundraiser	1,366	2,579	4,139	194	-
TAG Fundraiser	-	6,328	4,067	-	2,261
Lakeside Lab	2,705	3,086	5,328	-	463
PBS	750	464	260	-	954
Battle of the Books	-	384	-	-	384
Daycare Fundraiser	-	478	-	-	478
Motorheads (Race Car)	-	-	553	553	-
FACS Club	-	2,545	1,421	-	1,124
Washington, D.C. Trips	5,485	37,206	43,866	4,765	3,590
High School Total	<u>74,992</u>	<u>296,943</u>	<u>329,072</u>	<u>-</u>	<u>42,863</u>
MIDDLE SCHOOL	561	11,654	16,805	4,590	-
IRETON ELEMENTARY	-	2,018	2,045	27	-
HAWARDEN ELEMENTARY					
Revolving Account	-	5,884	4,761	(27)	1,096
Box Tops/ Wagon Wheels	4,737	1,339	489	(4,590)	997
Computer camp	2,878	2,010	978	-	3,910
PBS	-	951	745	-	206
Hawarden Elementary Total	<u>7,615</u>	<u>10,184</u>	<u>6,973</u>	<u>(4,617)</u>	<u>6,209</u>
Grand Totals	<u>\$ 83,168</u>	<u>\$ 320,799</u>	<u>\$ 354,895</u>	<u>\$ -</u>	<u>\$ 49,072</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED JUNE 30, 2013**

	Modified Accrual			
	2013	2012	2011	2010
Revenues:				
Local Sources:				
Local Tax	\$ 3,691,265	\$ 3,566,957	\$ 3,569,734	\$ 4,159,796
Tuition	81,800	91,673	99,238	120,241
Other	570,993	501,543	508,423	544,366
State Sources	4,408,039	4,494,893	4,239,377	3,793,844
Federal Sources	480,191	591,487	525,676	969,824
Total	9,232,288	9,246,553	8,942,448	9,588,071
Expenditures:				
Instruction:				
Regular	3,616,146	3,329,714	3,438,314	2,388,666
Special	1,352,566	1,347,795	1,293,539	2,056,316
Other	696,759	815,047	686,568	721,290
Support Services:				
Student	146,297	128,687	300,609	183,494
Instructional Staff	207,194	248,387	294,278	194,050
Administration	850,128	671,013	613,769	719,222
Operation and Maintenance	724,893	601,686	545,524	606,683
Transportation	364,763	342,177	272,162	268,700
Non-instructional programs	6,283	7,959	8,120	2,936
Other Expenditures:				
Facilities Acquisition	663,797	3,661,191	529,761	218,950
Long-term debt:				
Principal	712,124	530,038	522,915	359,058
Interest and other charges	213,111	238,632	118,654	139,394
AEA Flowthrough	274,328	273,872	307,914	302,706
Total	\$ 9,828,389	\$ 12,196,198	\$ 8,932,127	\$ 8,161,465

Schedule 5

Modified Accrual					
2009	2008	2007	2006	2005	2004
\$ 3,120,235	\$ 2,740,024	\$ 2,677,428	\$ 2,539,452	\$ 3,230,943	\$ 2,898,455
113,643	100,411	148,739	159,940	144,066	161,039
608,704	616,836	627,245	828,216	753,478	618,025
4,134,225	3,986,607	3,753,054	3,507,196	3,111,365	3,075,134
555,167	386,145	380,096	467,033	437,105	471,604
<u>8,531,974</u>	<u>7,830,023</u>	<u>7,586,562</u>	<u>7,501,837</u>	<u>7,676,957</u>	<u>7,224,257</u>
2,547,867	2,518,803	2,510,548	2,329,155	2,422,967	2,207,852
2,056,196	1,796,036	1,492,013	1,404,660	855,679	918,168
775,771	793,791	740,657	695,246	766,328	639,521
169,484	162,001	199,534	172,959	140,337	134,220
222,968	486,620	374,433	261,151	245,256	314,336
730,676	796,236	727,603	666,787	554,151	526,789
605,069	682,145	681,095	615,744	652,862	639,087
245,731	276,545	302,274	242,222	209,482	204,360
1,194	2,642	1,561	308,456	298,995	303,979
426,086	23,388	11,090	263,963	111,095	45,258
335,127	405,889	388,792	-	-	-
217,260	198,633	215,618	231,007	246,101	260,767
271,270	260,963	242,252	234,214	224,482	246,791
<u>\$ 8,604,699</u>	<u>\$ 8,403,692</u>	<u>\$ 7,887,470</u>	<u>\$ 7,425,564</u>	<u>\$ 6,727,735</u>	<u>\$ 6,441,128</u>

**WEST SIOUX COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

			Schedule 6
Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY13	\$ 64,619
National School Lunch Program	10.555	FY13	201,160 **
Summer Food Service Program for Children	10.559	FY13	49,118
			314,897 *
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY13	83,156
Special Education Grants to States	84.027	FY13	563 ***
Safe and Drug-Free Schools and Communities - National Programs	84.184	FY13	105,313
Education for Homeless Children and Youth	84.196	FY13	4,441
Advanced Placement Program	84.330	FY13	39
Improving Teacher Quality State Grants	84.367	FY13	26,986
Grants for State Assessments & Related Activities	84.369	FY13	4,147
Northwest Area Education Agency:			
Special Education (IDEA)- Grants to States	84.027	FY13	41,508 ***
Carl Perkins Grant	84.048A	FY13	6,277
English Language Acquisition Grants	84.365	FY13	8,576
Total			\$ 595,903

* Total expenditures from these programs exceed 50% of the total Federal Awards and are considered major programs.

**Includes \$27,851 of non-cash awards.

*** Total for CFDA Number 84.027 is \$42,071.

BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the West Sioux Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency and material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered Programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
 - CFDA Number 10.559 – Summer Food Service Program for Children
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) West Sioux Community School District did not qualify as a low-risk auditee.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

There were no prior year audit findings.

MATERIAL WEAKNESSES:

II-A-13 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

II-B-13 Financial Reporting

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables, payables, or capital asset transactions.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2013
U.S. Department of Agriculture

III-A-13 Grant Administration – National School Lunch Program

Observation – The District has internal controls in place to review the approval of reduced/free lunches requiring signatures from two individuals upon review of each application. However, during our testing of the School Nutrition Cluster Programs, we noted multiple instances of the control improperly functioning. Of the 40 applications tested, fifteen of the applications were not signed by two individuals denoting proper approval of the application.

Recommendation – The District should ensure all applications are properly reviewed twice as noted by each individual's signature.

Response – The District understands the nature of the weakness. The District will ensure all applications are reviewed by two individuals as noted by each individual's signature.

Conclusion – Response accepted.

MATERIAL WEAKNESSES:

III-B-13 Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

Part III: Findings and Questioned Costs For Federal Awards – (Continued):

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. We will continue to review procedures of the District and make changes as deemed necessary and practical.

Conclusion – Response accepted.

III-C-13 Financial Reporting/SEFA Administration

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – The District understands the nature of the weakness and will double check these items in the future to avoid missing any receivables, payables, capital asset transactions, or adjustments to the Schedule of Expenditures of Federal Awards.

Conclusion – Response accepted.

Part IV: Other Findings Related to Statutory Reporting:

IV-A-13 Certified Budget – Expenditures for the year ended June 30, 2013 exceeded the amounts budgeted in the support services function.

Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion – Response accepted.

IV-B-13 Questionable Expenditures – No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-13 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

Part IV: Other Findings Related to Statutory Reporting:

IV-D-13 Business Transactions – Business transactions between the District and District officials are detailed as follow:

<u>Name, Title, and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>
Mary Johnson, District Employee Owner of Truesdell Oil Company	Gas/Fuel	\$ 51,237

In accordance with an Attorney General's opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest as the transactions were competitively bid.

<u>Name, Title, and Business Connection</u>	<u>Transaction/Description</u>	<u>Amount</u>
Scott Vreeman, Employee Spouse Owner of Siouxland Propane	Supplies/Repairs	\$ 13,282
Karen and Brian Engleman, District Employees Owners of Sportman's Lanes	Physical Education Fees	\$ 2,000
James Pickner, Employee Spouse Owner of Pickner Law Office	Legal Services	\$ 150

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Jim Pickner do not appear to represent conflicts of interest since total transactions were less than \$1,500 during the fiscal year. The transactions with Scott Vreeman and Karen and Brian Engleman may represent a conflict of interest and the District should seek legal counsel regarding these transactions.

IV-E-13 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-13 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

IV-G-13 Certified Enrollment – A variance of -0.09 was identified in basic enrollment data certified to the Iowa Department of Education in October, 2012. This variance was discovered by the Department of Education and the District agrees with the variance.

IV-H-13 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.

IV-I-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-13 Certified Annual Report – The Certified Annual Report was certified timely to the Department of Education.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Schedule 7

IV-K-13 Categorical funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-13 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$ 879,994
Revenues		
Sales tax revenues	\$ 582,176	
Other	5,105	587,281
Ending Balance		\$ 1,467,275
Expenditures		
School Infrastructure & Construction	\$ 547,565	
Equipment	11,690	
Transfers to other funds:		
Debt Service Fund	421,831	981,086
Ending Balance		\$ 486,189

For the year ended June 30, 2013, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-13 Student Activity Fund – In accordance with Chapter 298A.8 of the Code of Iowa and Iowa Administrative Rule 281-12.6(1), monies in the Student Activity Fund should be used to support only the extracurricular and co-curricular activities offered as part of the District's educational program. There are several activities reported in the Special Revenue, Student Activity Fund that do not appear to be extracurricular or co-curricular in nature.

Recommendation – The District should review all accounts and reclassify to the appropriate fund in accordance with the guidelines if necessary.

Response – We will review the activity in the accounts and will reclassify to the General Fund if considered necessary.

Conclusion – Response accepted.

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

Schedule 8

Part V: Findings – Year Ended June 30, 2012

SIGNIFICANT DEFICIENCY:

CFDA Number 10.553: School Breakfast Program
CFDA Number 10.555: National School Lunch Program
CFDA Number 10.559: Summer Food Service Program for Children
Federal Award Year: 2012
U.S. Department of Agriculture

III-A-12 Grant Administration – National School Lunch Program

Observation – The District has internal controls in place to review the approval of reduced/free lunches requiring signatures from two individuals upon review of each application. However, during our testing of the School Nutrition Cluster Programs, we noted multiple instances of the control improperly functioning. Of the 40 applications tested, six of the applications were not signed by two individuals denoting proper approval of the application. Also, the District did not maintain copies of approval letters sent to students or copies of the direct certification listing. For our testing purposes, we received verification of eligibility for the six students from the State and consequently, there are no questioned costs found during our testing.

Recommendation – The District should ensure all applications are properly reviewed twice as noted by each individual's signature. Also, the District should implement adequate records management procedures to ensure all necessary documents are maintained.

Current Status – Response accepted.

III-B-12 Financial Accounting – Segregation of Duties

Condition – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Current Status – This finding still exists at June 30, 2013 (See Comment III-B-13).

WEST SIOUX COMMUNITY SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

Schedule 8

III-C-12 Financial Reporting/SEFA Administration

Condition – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District's financial statements. In addition, adjustments were required to be made to the District's Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District's financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Current Status – This finding still exists at June 30, 2013 (See Comment III-C-13).



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the
West Sioux Community School District

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the WEST SIOUX COMMUNITY SCHOOL DISTRICT, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the West Sioux Community School District's basic financial statements, and have issued our report thereon dated February 9, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the West Sioux Community School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Sioux Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Sioux Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item II-A-13 and II-B-13 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Sioux Community School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express

such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2013 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

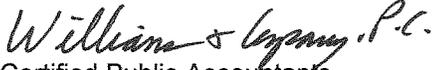
West Sioux Community School District's Response to Findings

The West Sioux Community School District's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Sioux Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of West Sioux Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
February 9, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the
West Sioux Community School District:

Report on Compliance for Each Major Federal Program

We have audited the WEST SIOUX COMMUNITY SCHOOL DISTRICT's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. West Sioux Community School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the West Sioux Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the West Sioux Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the West Sioux Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Sioux Community School District's

internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the West Sioux Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items III-B-13 and III-C-13 to be material weaknesses.

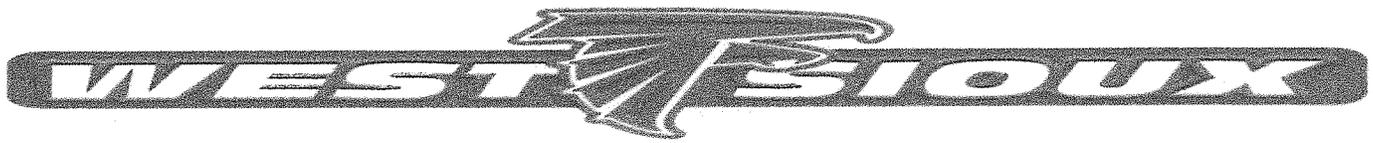
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item III-A-13 to be a significant deficiency.

West Sioux Community School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Sioux Community School District's responses and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Williams & Lagany, P.C.
Certified Public Accountants

Le Mars, Iowa
February 9, 2014



COMMUNITY SCHOOL DISTRICT

RANDY COLLINS, SUPERINTENDENT * 712-551-1461 (PHONE) * 712-551-1514 (FAX)

**Schedule of Findings and Questioned Costs
Corrective Action Plan
June 30, 2013**

Department of Education:

West Sioux Community School District, respectfully submits the following corrective action plan for the year ended June 30, 2013.

The audit was performed by Williams & Company, P.C., P.O. Box 1010, Le Mars, Iowa, for the fiscal year ended June 30, 2013.

The findings from the June 30, 2013 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

SIGNIFICANT DEFICIENCY:

III-A-13 - Grant Administration – National School Lunch Program Cluster CFDA #10.553, # 10.555 and #10.559

Observation – The District has internal controls in place to review the approval of reduced/free lunches requiring signatures from two individuals upon review of each application. However, during our testing of the School Nutrition Cluster Programs, we noted multiple instances of the control improperly functioning. Of the 40 applications tested, fifteen of the applications were not signed by two individuals denoting proper approval of the application.

Recommendation – The District should insure all applications are properly reviewed twice as noted by each individual's signature.

Response – The District understands the nature of the weakness. The District will ensure all applications are reviewed by two individuals as noted by each individual's signature.

Conclusion – Response accepted.

MATERIAL WEAKNESSES:

III-B-13 – Financial Accounting – Segregation of Duties

Observation – One important aspect of internal control is the segregation of duties among employees to prevent an individual from handling duties, which are incompatible. Incompatible duties, for accounting control purposes, are those duties that place a person in a position where they could both perpetuate and conceal errors or fraud. In performing our audit, we noted that one person has primary responsibility for many accounting and financial duties of the District.

Recommendation – The size of the District’s accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Education and Superintendent remain actively involved in the financial affairs of the District to provide oversight and review functions. In addition, the District should periodically review the operating procedures and make changes as necessary to obtain the maximum internal control under the circumstances.

Response – District administration understands the nature of the weakness and the necessity for the Board and Superintendent to provide oversight and review functions. The District feels that additional personnel would not be cost effective. However, management will continue to monitor all transactions on a regular basis.

III-C-13 – Financial Reporting – SEFA Administration

Observation – During the audit, we identified material amounts of receivables, payables, and capital asset additions not recorded in the District’s financial statements. In addition, adjustments were required to be made to the District’s Schedule of Expenditures of Federal Awards. Adjustments were subsequently made by the District to properly include all amounts in the Schedule of Expenditures of Federal Awards.

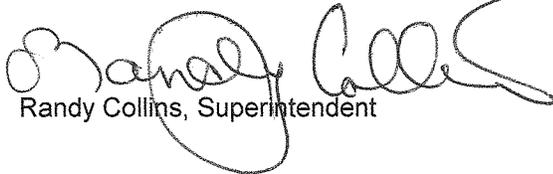
Recommendation –The District should implement procedures to ensure all receivables, payables, and capital asset additions are identified and included in the District’s financial statements and that the Schedule of Expenditures of Federal Awards is properly completed.

Response – With limited personnel it is difficult to ensure that all items are captured and reported properly. At this time the Districts feels that additional personnel would not be cost effective, however, management will continue to monitor and double check these areas in the future.

If the Department of Education has questions regarding this plan, please call Randy Collins at 712-551-1461.

Sincerely yours,

WEST SIOUX COMMUNITY SCHOOL DISTRICT


Randy Collins, Superintendent